GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:4086
ANSWERED ON:09.08.2002
LOSS TO STC IN OIL EXTRACTION OPERATION
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether State Trading Corporation has recorded a loss of 35 crores in the oil extraction operation;

(b) if so, the details thereof alongwith the reasons therefor; and

(c) the remedial action taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI RAJIV PRATAP RUDY)

(a) & (b) The total loss incurred by State Trading Corporation (STC) in oil seed extraction operations for the years 1989 to 1999 was Rs. 28.71 crores. An analysis would reveal that some of the major reasons which led to the losses were bumper crop in US and Brazil; Asian currency crisis and El-nino factor leading to erratic rains during the post harvest season, excessive delegation of power to the field branches of STC leading to excessive purchase of seeds, deterioration of stocks due to holding them for longer periods and shortage in excess of laid down norms in processing, warehousing and transit.

(c) STC issued specific instructions not to undertake any business till such time there was aparity between domestic and international market prices. STC also suspended extraction operations.Detailed guidelines to avoid possibility of any further losses were also issued by the management of STC.In the light of experience gained, STC re-entered oil extraction operations at an appropriate time in 2000-01 and undertook exports of de-oiled cakes amounting to Rs. 15.45 crore and earned a trading profit of Rs. 12 lakhs.